

1                   IN THE UNITED STATES DISTRICT COURT  
2                   FOR THE DISTRICT OF DELAWARE

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3                   MBIA INSURANCE                   :  
4                   CORPORATION AND WELLS           :  
5                   FARGO BANK, N.A. (f/k/a           :  
6                   WELLS FARGO BANK                :  
7                   MINNESOTA N.A.) AS               :  
8                   TRUSTEE OF SFC GRANTOR           :  
9                   TRUST, SERIES 2000-1, SFC       :  
10                  GRANTOR TRUST, SERIES           :  
11                  2000-2, SFC GRANTOR               :  
12                  TRUST, SERIES 2000-3, SFC        :  
13                  GRANTOR TRUST, SERIES           :  
14                  2000-4, SFC GRANTOR               :  
15                  TRUST, SERIES 2001-1, SFC        :  
16                  GRANTOR TRUST, SERIES           :  
17                  2001-2, SFC OWNER TRUST           :  
18                  2001-I, AND SFC GRANTOR           :  
19                  TRUST, SERIES 2001-3,             :  
20                  Plaintiffs/Counterclaim:  
21                  Defendants,                        :  
22                  :  
23                  vs.                                :  
24                  :  
25                  ROYAL INDEMNITY COMPANY,           :  
26                  Defendant/Counterclaim            :  
27                  Plaintiff.                         :C.A. NO. 02-1294-JJF

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16                  ROYAL INDEMNITY COMPANY,           :  
17                  Third-Party Plaintiff,            :  
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16                  vs.                                :  
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16                  ANDREW N. YAO, STUDENT           :  
17                  LOAN SERVICING LLC,                :  
18                  STUDENT LOAN ACCEPTANCE II:  
19                  LLC, STUDENT LOAN                 :  
20                  ACCEPTANCE III LLC,                :  
21                  STUDENT LOAN ACCEPTANCE         :  
22                  III LLC, STUDENT                 :  
23                  LOAN ACCEPTANCE V LLC,           :  
24                  STUDENT LOAN ACCEPTANCE         :  
25                  VIII LLC, STUDENT LOAN           :  
26                  ACCEPTANCE IX LLC, SFC            : TRACK(II)WITNESS:  
27                  FINANCIAL LLC I, SFC             : MARK HARRIS  
28                  FINANCIAL LLC II, SFC            :  
29                  FINANCIAL LLC VI, SFC           : DATE:  
30                  FINANCIAL LLC VII, SFC           : NOVEMBER 9th, 2006  
31                  Third-Party Defendants.:

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1 VIDEO OPERATOR: We're on the 09:24:36  
2 record. This is a videotaped deposition for  
3 the United States District Court for the  
4 District of Delaware. My name is Robert  
5 Higham. I'm the videotape operator. I'm 09:35:54  
6 employed by Veritext New York. The court  
7 reporter is David Walsh. The caption for  
8 today's case is as follows: It's a multi  
9 caption case, the first caption being MBIA  
10 Insurance Corporation, et al, versus Royal 09:36:05  
11 Indemnity Insurance Company. The case number  
12 is 021294 (JJF). All other captions will be  
13 reflected on the stenographic record.

22 The reporter will now swear  
23 in the witness.

24 - - -

25 MARK HARRIS, having been duly 09:36:44

1 sworn, was examined and testified as follows: 09:36:44

2 - - -

3 EXAMINATION

4 - - -

5 BY MS. BAUER: 09:36:53

6 Q. Good morning, Mr. Harris. My name is  
7 Lisa Bauer. I'm with the Law Firm of  
8 Proskauer Rose. Next to me is my colleague,  
9 Greg Sieczkiewicz, and we represent MBIA and  
10 Wells Fargo as trustee for various trusts.

09:37:05

11 A. Okay.

12 Q. Have you given a deposition before?

13 A. No.

14 Q. So you know, every answer that you give  
15 has to be oral or the court reporter can't 09:37:16  
16 take it down. So, there's a tendency to nod  
17 or to say um-hmm or huh-huh. I'll remind you  
18 to say yes or no so that it's clear on the  
19 record.

20 Also, if you don't understand my 09:37:28  
21 questions, you can ask me to rephrase it or  
22 repeat it. You can ask the court reporter to  
23 read a question back if you didn't hear or you  
24 need to think about it again.

25 A. Okay. 09:37:37

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1 A. I think the degree was conferred August 09:42:55  
2 of 2005.

3 Q. Did you then immediately go into the  
4 Masters program?

5 A. Probably two or three months after my 09:43:09  
6 undergrad.

7 Q. How did you come to be hired by SFC?

8 A. Well, I was working with Concord EFS  
9 prior to working with SFC and there was an ad  
10 for at the time it was a Payment Processing 09:43:27  
11 manager. When I interviewed, they redefined  
12 the job as a Payment Processing supervisor.

13 Q. Who did you interview with?

14 A. I interviewed with Diane Messick, who  
15 was then corporate controller, and Charlotte 09:43:41  
16 Vickers, who was a manager for Collections.

17 Q. Okay. I just want to ask you about  
18 Charlotte for a second.

19 A. Okay.

20 Q. Charlotte Vickers and Charlotte Harris 09:43:56  
21 were both SFC employees?

22 A. Well, they both work for SFC Group. How  
23 they were categorized, I'm not sure if they  
24 were SLS or SFC or SMS, but we worked on the  
25 same I guess umbrella of company. 09:44:11

1 Q. But they're two different people? 09:44:13  
2 A. They are two different people.  
3 Q. Are you related to Charlotte Harris?  
4 A. No.  
5 Q. Okay. What group is she in or was she 09:44:18  
6 in?  
7 A. She worked in credit.  
8 Q. Okay. In credit, would that be the  
9 granting of loans to students?  
10 A. I would say they review the 09:44:31  
11 applications. I'm not sure if she was  
12 responsible for making a decision, but I know  
13 her group was responsible for reviewing the  
14 information that was sent in.  
15 Q. How many interviews did you have at SFC 09:44:44  
16 before they hired you?  
17 A. One.  
18 Q. Who did you report to at SFC?  
19 A. Diane Messick.  
20 Q. Anyone else? 09:44:59  
21 A. After Diane left, there was a VP for  
22 finance, Dave Zulauf. So, I reported to him  
23 until we got furloughed in June of 2002.  
24 Q. When you say "furloughed in June of  
25 2002", that's when the company made 09:45:22

1 substantial layoffs? 09:45:24

2 A. That's correct.

3 Q. And you were laid off?

4 A. Furloughed.

5 Q. Okay. But you didn't leave for any 09:45:29

6 other reason?

7 A. No.

8 Q. Who reported to you in your position as

9 supervisor of Payment Processing?

10 A. There were five payment -- four to five 09:45:43

11 Payment Processing clerks who reported to me.

12 I had one team leader in that group as well.

13 Evette Tucker, Paulette, I'm not sure what her

14 last name was. I had a Natasha. I'm not sure

15 what her last name was either. And there was 09:46:07

16 one other lady. I'm not even sure. Lakia.

17 Q. Did you have temporary Payment

18 Processing employees at any time?

19 A. I had one for probably two months.

20 Q. Do you remember that person's name? 09:46:28

21 A. Julie something. I'm not sure.

22 Q. Can you tell me what your job duties

23 were as supervisor of Payment Processing?

24 A. Payment Processing was responsible for

25 applying all the payments that came in, 09:46:44

1 A. If auditors were requesting that 16:03:30  
2 information, I'm sure the Accounting  
3 Department could give them copies or give them  
4 the physical vouchers to take a look.

5 Q. On what do you base that belief? 16:03:41

6 A. Because typically if there's an audit, I  
7 mean the norm I think is to cooperate with the  
8 audit.

9 Q. While you were at SFC, did you have any  
10 dealings with the Law Firm of Pepper Hamilton? 16:04:19

11 A. No.

12 Q. Does that name ring a bell to you at  
13 all, Pepper Hamilton?

14 A. I have heard it here. Probably the  
15 first time, second time today. 16:04:29

16 Q. Have you heard of it prior to today?

17 A. No.

18 Q. Have you ever heard the name Rod Gagne  
19 before today?

20 A. No. 16:04:39

21 Q. And is it fair to say that you had no  
22 dealings with Rod Gagne while you were at SFC?

23 A. That's fair to say that.

24 Q. And is it fair to say you had no  
25 dealings with any attorneys from Pepper 16:04:48